



**Notice of Extraordinary General Meeting
and Explanatory Statement**

An Extraordinary General Meeting of
R3D Global Limited
ACN 111 398 040

Held at
Level 2, 131 Macquarie Street,
Sydney, NSW 2000
3:00pm on Wednesday, 15 March 2017

This is an important document and requires your immediate attention. You should read it in its entirety before deciding whether or not to vote in favour of the resolutions contained in these explanatory materials. If you are in any doubt about how to deal with this document, you should consult your financial, legal, taxation or other professional adviser.

Hall Chadwick Corporate (NSW) Limited, the Independent Expert engaged to opine on the transactions the subject of the resolutions in these explanatory materials has concluded that the transactions are fair and reasonable to the Non-Associated Shareholders of R3D. A copy of the full Independent Expert's Report is attached as Annexure A to these explanatory materials.

**R3D Global Limited
ACN 111 398 040**

Notice is given that R3D Global Limited (**R3D** or **Company**) will hold an Extraordinary General Meeting (**EGM**) at 3:00pm (Sydney time) on 15 March 2017 at Level 2, 131 Macquarie Street, Sydney, NSW, 2000.

The Notice of Extraordinary General Meeting (**Notice**) is accompanied by an Explanatory Statement which forms part of the Notice and explains the resolutions to be considered at the EGM.

BUSINESS OF MEETING

1. Resolution 1: Special resolution to approve selective share buy-back from RedChip Companies Inc

To consider, and if thought fit, pass the following resolution as a special resolution:

"That, subject to the passing of Resolution 2, in accordance with section 257D of the Corporations Act 2001 (Cth) and for all other purposes, the buy back of 30 million ordinary shares in accordance with the terms of the Buy-back Agreement entered into between the Company and RedChip Companies Inc, details of which are set out in the Explanatory Statement accompanying this Notice of Extraordinary General Meeting, be approved."

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1 by or on behalf of:

- (a) RedChip Companies Inc;
- (b) Petra Commodities Pte Ltd, Petra Pacific Pte Ltd and Crossroads Investment Pte Ltd; and
- (c) any associate of the persons described in paragraphs (a) and (b) above.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 1.

2. Resolution 2: Ordinary resolution to approve transfer of assets to substantial holder under Listing Rule 10.1

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That, subject to the passing of Resolution 1, for the purposes of Listing Rule 10.1 and for all other purposes, disposal by the Company of certain intellectual property rights and assets to RedChip Companies Inc on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Extraordinary General Meeting, be approved."

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 2 by or on behalf of RedChip Companies Inc and any of its associates.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 2.

INDEPENDENT EXPERT'S REPORT

Hall Chadwick Corporate (NSW) Limited (**Hall Chadwick** or the **Independent Expert**) has prepared an independent expert's report (**Independent Expert's Report**) on the selective buy-back and disposal of assets for the purposes of Resolutions 1 and 2 respectively (collectively, the **Transaction**). The Independent Expert has concluded that, in its opinion, the Transaction is fair and reasonable to the shareholders of R3D, other than those associated with the Transaction (**Non-Associated Shareholders**).

A copy of the full Independent Expert's Report is attached as Annexure A to the Explanatory Statement.

DATED: 9 February 2017

BY ORDER OF THE BOARD



Henry Kinstlinger
Company Secretary

NOTES ON VOTING

Voting in person

To vote in person, attend the meeting on the date and at the place set out in the Notice above.

Voting by proxy

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice as soon as possible and either:

- deliver or post it to the Company at C/- MMR Corporate Services, Level 2, 131 Macquarie Street, Sydney, NSW, 2000. Australia;
- fax it to +612 9251 7500 or
- lodge it via email at henry@3d.com.au

so that it is received no later than 48 hours prior to the commencement time of the EGM.

Your Proxy Form is attached.

In accordance with the Corporations Act 2001 (Cth) (**Corporations Act**) and the Company's Constitution, the directors of the Company (**Directors**) have determined that, for the purposes of voting at the EGM, the Company may accept proxy forms until 48 hours prior to the commencement of the meeting. Any proxy forms received after this time will not be accepted by the Company for the purposes of voting at the EGM.

A shareholder who is entitled to attend and vote at the General Meeting may appoint a person, who need not be a shareholder of the Company, as the shareholder's proxy to attend and vote on behalf of the shareholder.

A shareholder who is entitled to cast 2 or more votes may appoint 2 or more proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the appointment is signed by an attorney, the power of attorney or certified copy of it must be sent with the proxy form.

Corporate shareholders

To vote at the EGM, a shareholder that is a corporation may appoint an individual to act as its representative. The appointment must comply with section 250D of the Act. The representative should bring to the EGM evidence of his or her appointment, including any authority under which it is signed.

Alternatively, a corporate shareholder may appoint a proxy or attorney.

Voting by attorney

A shareholder may appoint any person as their attorney to act on their behalf and vote at the EGM.

Attorneys may attend the meeting and vote in person. To do so, Attorneys must produce for inspection a power of attorney or other evidence of their authority as the Directors require at the offices of the Company no later than 24 hours prior to the commencement time of the EGM.

Alternatively, an attorney may (if appointed under a general power of attorney or otherwise permitted by the power of attorney) appoint a proxy for the shareholder concerned.

Board recommendation

The Directors unanimously recommend that shareholders vote in favour of Resolutions 1 and 2.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide shareholders of the Company (**Shareholders**) with information material to deciding whether or not to vote in favour of the resolutions in the Notice.

1. Background

The purpose of the resolutions in the Notice is to seek the approval of Shareholders required under the Corporations Act for the selective buy-back from RedChip Companies Inc (**RedChip US**) and cancellation of the Buy-back Shares, and under the Listing Rules for the transfer of certain IP Rights to RedChip US. As announced on 28 December 2016, the Company has entered into a conditional buy-back agreement under which RedChip US will be paid a nominal \$1 for all of the Buy-back Shares.

The reasons for conducting the selective buy-back are set out below.

1.1 History

On 21 March 2016, the Company completed the acquisition of certain intellectual property rights and licences, contracts, and other assets in specified global territories (**IP Rights**) from RedChip US in exchange for the issue of 30,000,000 new shares in the Company (**Shares**) to RedChip US, with up to an additional 5,000,000 Shares to be issued depending on the satisfaction of performance conditions (**Deferred Consideration Shares**). The acquisition of IP Rights constituted a change to the nature and scale of the Company's activities and accordingly, approval from Shareholders was obtained for the purposes of Listing Rule 11.1.2. As a result of the issue of Shares as consideration RedChip US acquired an interest in 42.17% of the Company.

Given the nature of the acquisition, the Australian Securities Exchange (**ASX**) required RedChip US (among others) to enter into a restriction agreement in the form of Listing Rule Appendix 9A in respect of all its Shares for a period of 24 months.

In addition, Shareholders approved the appointment of Raymond Davis Gentry Jr, who controls RedChip US, as a Director.

1.2 Termination of agreements and proposed settlement

To effect the acquisition of IP Rights, transaction documents were executed including a Support Services Agreement under which fees were payable by the Company to RedChip US for services to assist the Company's operations. The IP Rights acquired by the Company allowed it to conduct business using the IP Rights in certain specified global territories, with the remaining territories being retained by RedChip US.

Following completion of the acquisition, various disputes arose between the Company and RedChip US. Mr Gentry resigned as a Director in May 2016. On 29 August 2016, the Company announced that the Support Services Agreement had been terminated.

Subsequently on 28 December 2016, the Company announced that it had signed a Deed of Release and Variation with RedChip US to settle the disputes (**Deed**). The key terms of the settlement are as follows.

- (a) The Company will retain exclusive rights to use the IP Rights in all territories in the world and related intellectual property, other than specific territories which will become the exclusive right of RedChip US. In addition to the Americas (which RedChip US had always retained IP Rights to), RedChip US will retain IP Rights in Africa (excluding South Africa), Europe, certain countries in the Middle East (but not Israel), and Korea. This means that the Company will retain IP Rights in the territories that it regards as its key markets, including Australia, South Africa, Israel and all of Asia (including China, India, South East Asia and Japan) except Korea.

- (b) RedChip US will "forfeit" all of its existing 30,000,000 Shares (being an interest in 42.17% of the Company) (**Buy-back Shares**) and any potential Deferred Consideration Shares in the Company, which it originally received for the sale of the IP Rights to R3D, for nil (or nominal) consideration. "Forfeiture" includes a selective buy-back of the shares.
- (c) Cancellation of the Buy-back Shares will result in the percentage holdings of all other Shareholders increasing on a proportionate basis.
- (d) Fees to be earned on a small number of existing disputed contracts with clients would be split on a 50/50 basis.
- (e) The Company will change its name to one which does not contain "RedChip", "Red" or "Chip" or similar (which has already occurred).

All outstanding claims of both parties would be released as a consequence.

The terms of the Deed are conditional on the satisfaction of the following remaining conditions precedent.

- (a) The Company announcing to ASX that the Buy-back Shares have been cancelled.
- (b) The amount payable under an amended Intellectual Property Deed between the Company and RedChip US which relate to the period prior to the date the conditions precedent are satisfied, are paid to the relevant party.

1.3 Forfeiture of RedChip US's Shares and ASX waivers

As set out in section 1.2 above, the forfeiture of the Shares held by RedChip US may be implemented by way of a selective buy-back.

As the Buy-back Shares are currently subject to a restriction agreement under the Listing Rules, R3D has obtained a waiver from ASX which will allow the shares to be bought back as part of the overall arrangements with RedChip US. Specifically, the ASX waiver is in respect of Listing Rule 9.7 and permits the Company to amend the existing restriction agreement between the Company and RedChip US such that the Buy-back Shares may be cancelled as contemplated under the Deed.

The ASX waiver is granted on the following conditions.

- (a) The Company announces the terms of the waiver to the market.
- (b) The Company's shareholders approve the disposal of the IP Rights to RedChip US in accordance with Listing Rule 10.1.
- (c) The Company's shareholders approve a selective buy-back or a cancellation by way of a selective reduction of capital in relation to the Buy-back Shares in accordance with the Corporations Act.
- (d) The Company conducts the selective buy-back or cancellation by way of a selective reduction of capital in relation to the Buy-back Shares in accordance with the Corporations Act.

The purpose of the EGM is to give effect to the Deed and to meet the various requirements under the Corporations Act and the Listing Rules to enable the Company to buy back and cancel the Buy-back Shares, and to transfer certain of the IP Rights to RedChip US.

1.4 Interests of Petra Commodities Pte Ltd and related companies

Cancellation of the Buy-back Shares will result in the percentage holdings of all other Shareholders increasing on a proportionate basis.

The Company's largest Shareholders (other than RedChip US) are a group of associated shareholders, being Petra Pacific Pte Ltd and Petra Commodities Pte Ltd (**Petra Companies**). The Petra Companies currently have a combined holding of approximately 36.29%. As a result of the cancellation of Buy-back Shares, this combined holding will increase to approximately 62.75% of the reduced number of Shares on issue.

Given the increased interest that the Petra Companies may hold in the Company following if the buy-back is implemented, the Australian Securities and Investments Commission (**ASIC**) has required the Company to exclude Petra Companies, together with another shareholder which is subject to an ASX restriction agreement (namely Crossroads Investment Pte Ltd) from voting on Resolution 1.

The Shares held by Petra Companies are currently subject to a restriction agreement under the Listing Rules. If the buy-back is implemented, the restriction will remain in place and will restrict 62.75% of the Shares then on issue.

2. Resolution 1: Special resolution to approve selective share buy-back from RedChip Companies Inc

2.1 General

Under the conditional buy-back agreement with the Company, RedChip US will be paid a nominal \$1 for all of the Buy-back Shares and completion of the buy-back will be inter-conditional with the Deed taking effect. The terms of the buy-back agreement are summarised in section 2.3 below.

The Transaction includes a selective buy-back for the purposes of the Corporations Act, and accordingly, Shareholder approval as set out in Resolution 1 is required to undertake the buy-back and cancellation of the Buy-back Shares.

Hall Chadwick has prepared the Independent Expert's Report on the buy-back for the purposes of Resolution 1. The Independent Expert has concluded that, in its opinion, the selective buy-back is fair and reasonable to the Non-Associated Shareholders of R3D. See section 2.5 below for further information. A copy of the full Independent Expert's Report is attached as Annexure A to the Explanatory Statement.

2.2 Corporations Act requirements and ASIC policy

Section 257A of the Corporations Act provides that a company may buy back its own shares if:

- (a) the buy-back does not materially prejudice the company's ability to pay its creditors; and
- (b) the company follows the procedures in Division 2 of Part 2J.1 (which includes the selective buy-back procedure described below).

Section 257D sets out the procedure for a selective buy-back of shares and requires that the terms of an agreement for a selective buy-back be approved before it is entered into by either:

- (a) a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by any person whose shares are proposed to be bought back or by their associates; or
- (b) a unanimous resolution approved by all ordinary shareholders,

or the agreement must be conditional on such an approval.

The requirement in paragraph (a) above is intended to operate in a similar way to the way in which voting exclusion statements operate in the context of the Listing Rules.

In the notice of meeting dispatched to shareholders, the company must set out all information known to the company that is material to the decision on how to vote on the buy-back resolution. However, the company does not need to disclose information if it would be unreasonable to require the company to do so because the company had previously disclosed the information to its shareholders.

Section 257H(3) provides that immediately after the transfer of the shares bought-back is registered, the shares are cancelled.

ASIC Regulatory Guide 110 *Share buy-backs (RG 110)* sets out ASIC's policy on the information that a company should disclose to shareholders with a notice of meeting when undertaking a selective buy-back. Notably, ASIC considers that if a company proposes to buy back a significant percentage of shares or holdings of a major shareholder, it should consider providing (among other things) an independent expert's report with a valuation of the shares.

The information required under the Corporations Act and ASIC policy is set out below. This information should be read together with the Independent Expert's Report, and prior disclosures by the Company to ASX.

2.3 Terms of the buy-back agreement for Shareholder approval

The buy-back agreement contains the following material terms and conditions.

- (a) **(Sale and buy-back):** RedChip US agrees to sell and the Company agrees to buy back the Buy-back Shares for \$1 (**Purchase Price**) free from all third party interests.
- (b) **(Conditions):** Completion is conditional on:
 - (i) Shareholders approving the selective buy-back and disposal of the IP Rights as set out in the Deed in accordance with the Corporations Act and Listing Rules; and
 - (ii) the conditions precedent in the Deed other than those that relate to the buy-back agreement are satisfied.

If the Conditions are not satisfied by 22 June 2017, either party may terminate the buy-back agreement by notice to the other party.

- (c) **(Completion):** On the Completion Date (being the next business day after all the Conditions are satisfied):
 - (i) the Company must pay the Purchase Price to RedChip US, and register the transfer of and cancel the Buy-back Shares;
 - (ii) RedChip US must do all things required by the Company to give the Company full title and benefit of the Buy-back Shares.

One the next business day following Completion, the Company must lodge a notice with ASIC in accordance with section 254Y of the Corporations Act and announce a copy of that notice to ASX.

The buy-back agreement otherwise contains provisions and warranties which are considered standard for an agreement of this nature.

2.4 Advantages and disadvantages of the buy-back

The Directors consider that the advantages of the selective buy-back are:

- the Independent Expert has concluded that the selective buy-back is fair and reasonable to the Non-Associated Shareholders of R3D;

- the buy-back settles the disputes between the Company and RedChip US, and effectively completes the exit of RedChip US and Mr Gentry from the Company;
- the buy-back ensures that there is no impediment to the Company operating its business by exploiting the IP Rights in the agreed territories set out in the Deed and section 1.2 above;
- as a result of the buy-back and the Deed, the Company will retain exclusive rights to use the IP Rights in territories that it considers as its key markets, particularly in Asia (excluding Korea). These territories include China, India and Indonesia – some of the largest emerging markets in the world – where the Company may be able to pursue potential opportunities for growth. As a company domiciled and listed in Australia, R3D is well-positioned to pursue these opportunities in Asia in particular due to its geographical proximity and listing on ASX, a well-regarded stock exchange; and
- on completion of the buy-back, the voting power of all Shareholders (other than RedChip US) will increase proportionately as there will be a lesser number of Shares on issue.

The Directors consider that the selective buy-back will not result in any material disadvantage to Shareholders; however, in making their decision, Shareholders should note that following the buy-back, R3D Shares may remain highly illiquid. This is primarily a result of the restriction on Petra Companies' Shares as described in section 1.4 above, which will represent a larger percentage of the Company's issued shares. Further, Petra Companies will hold up to a maximum of 62.75% of the total Shares on issue and will be in a position to exert considerable control over the decisions made by the Company, including in relation to the election of Directors, the appointment of new management and the potential outcome of matters requiring a Shareholder vote. The interests and objectives of the Petra Companies may not be the same as those of other minority Shareholders.

2.5 Independent expert's report

As recommended in RG 110, the Company has engaged the Independent Expert to opine on whether the selective buy-back is fair and reasonable to Shareholders (other than RedChip US).

The Independent Expert concludes that the selective buy-back is fair and reasonable to the Non-Associated Shareholders of R3D. A copy of the full Independent Expert's Report is attached as Annexure A to the Explanatory Statement.

Shareholders are encouraged to read the Independent Expert's Report in detail and consult your professional adviser if you have any questions.

2.6 Change in capital structure

The consideration for the selective buy-back, being \$1, will be funded from the Company's existing cash reserves. As the consideration is a nominal amount, the financial effect of the buy-back on the Company will be negligible.

The overall effect of the buy-back and cancellation of Buy-back Shares on the issued capital of R3D is set out below.

Event	Number of Shares
Shares on issue as at the date of the Notice	71,147,058
Buy-back Shares subject to buy-back and cancellation	(30,000,000)
Shares on issue at completion of buy-back	41,147,058

2.7 Effect of the buy-back on control of the Company

The Buy-back Shares represent 47.12% of the Shares on issue in the Company as at the date of the Explanatory Statement. The effect of the buy-back and cancellation of Buy-back Shares will be to decrease RedChip US's shareholding in the Company and increase each other Shareholder's proportionate increase as set out in the table below.

As set out in section 1.4 above, there will be a significant control effect on the Company as a result of the buy-back and cancellation of Buy-back Shares. Petra Companies, currently holding approximately 36.29%, will have their interest increase to approximately 62.75% of the reduced number of Shares on issue.

Shareholder	Before selective buy-back and cancellation		After selective buy-back and cancellation	
	Number of Shares	% of total Shares	Number of Shares	% of total Shares
RedChip US	30,000,000	47.12%	Nil	-
Petra Companies (combined)^	25,821,863	36.29%	25,821,863	62.76%
Other Shareholders	15,325,195	16.59%	15,325,195	37.24%
TOTAL	71,147,058	100.00%	41,147,058	100.00%

^ Petra Companies are associates as defined under section 12 of the Corporations Act and Alberto Migliucci (a Director of R3D) has a relevant interest in Shares held by Petra Commodities Pte Ltd and Petra Pacific Pte Ltd. Accordingly Mr Migliucci has the same voting power in the Company as the Petra Companies.

2.8 Audited financial statements

A copy of the Company's audited financial statements for the financial year ending 30 June 2016 is contained in the Annual Report of the Company announced to ASX on 30 September 2016.

2.9 Share price information

The Company's closing share price on 23 December 2016, being the last trading day prior to the announcement of the selective buy-back was \$0.17. The closing share price on 31 January 2017, being the last trading day prior to the finalisation of the Explanatory Statement was \$0.17.

Trading in R3D Shares is currently highly illiquid.

2.10 Company focus following disposal of IP Rights

The Directors consider that the selective buy-back and disposal of certain IP Rights will have no material financial impact on the Company or its business activities (other than costs of the Transaction). Following completion of the Transaction, the Company will:

- retain IP Rights in the territories that it regards as its key markets;
- develop its own branding (consistent with its name change to R3D Global Limited) without the RedChip name, and accordingly is not restricted in operating in any region as long as it does not use the IP Rights in territories in which it is not permitted to do so;
- provide investor relations services and creative marketing solutions to clients across all industries looking to grow their businesses or obtain awareness across its core markets including Australia, South Africa, Israel and all of Asia (including China, India, South East Asia and Japan) except Korea; and

- continue to provide clients with global financial media coverage, direct access to investors as well as market research or coverage opportunities.

2.11 Directors' recommendation

The Directors, having considered the potential advantages and disadvantages of the selective buy-back and the Independent Expert's Report, are of the view that the buy-back is in the best interests of the Company and its Shareholders (other than RedChip US).

The Directors unanimously recommend that Shareholders (other than RedChip US) vote in favour of Resolution 1. All Directors intend to vote all the Shares that they control in favour of Resolution 1.

Other than as set out elsewhere in this Explanatory Statement, no Director has an interest or will participate in the selective buy-back.

3. Resolution 2: Ordinary resolution to approve transfer of certain IP Rights to substantial holder under Listing Rule 10.1

3.1 General

It is a condition of the ASX waiver granted from Listing Rule 9.7 to allow the Company to buy-back and cancel the Buy-back Shares, to obtain Shareholder approval under Listing Rule 10.1 for the transfer of certain IP Rights to RedChip US.

Under the arrangements described above, RedChip US will acquire from R3D the IP Rights in relation to Africa (excluding South Africa), Europe, certain countries in the Middle East (but not Israel), and Korea (**Transferred IP Rights**). This means that the Company will retain IP Rights in the territories that it regards as its key markets, including Australia, South Africa, Israel and all of Asia (including China, India, South East Asia and Japan) except Korea.

3.2 Listing Rules

Listing Rule 10.1 provides that an entity must not acquire a substantial asset from, or dispose of a substantial asset to (among others), a substantial holder in the entity or an associate of such person. A substantial asset is an asset that has a value equating to 5% or more of the equity interests of the entity. A substantial holder includes a person who has a relevant interest in at least 10% of the voting shares on issue in the entity.

Given that RedChip US has a relevant interest in more than 10% of Shares in R3D, ASX has determined that the Company should obtain shareholder approval for the Transaction, which includes the transfer of the Transferred IP Rights to RedChip US. The Company has not separately valued the Transferred IP Rights and cannot determine at this stage whether the value of those distinct rights constitute more than 5% of the equity interests in the Company. However, the Company notes that the Independent Expert has attributed a value of nil to the Transferred IP Rights on the basis that the Company is not currently earning any income from the IP Rights being transferred to RedChip US, and was not expecting to earn any material income from the IP Rights had the Deed not been entered into.

Where there is no value attributed to the assets being disposed of (for example, because as in this case the Transferred IP Rights have been attributed a value of nil by the Independent Expert), an alternative approach for the purposes of Listing Rule 10.1 is to consider the value of the consideration received for the disposal. For this purpose, the value of the consideration received is determined by reference to the market value of the securities that are being bought back and cancelled (notwithstanding that the Buy-Back Shares are proposed to be bought back and cancelled for nominal consideration).

At a market price of \$0.17 per share as at 31 January 2017, the Buy-back Shares have a market value of approximately \$5.1 million, which exceeds 5% of the Company's equity interests as at 30 June 2016. The Buy-back Shares are therefore considered to be a 'substantial asset' for the purposes of Listing Rule 10.1, and consequently shareholder approval is required under the Listing Rule.

3.3 Independent Expert's Report

Under the Listing Rules, the Company is required to engage an independent expert to advise Shareholders whether the transfer of the Transferred IP Rights is fair and reasonable Shareholders other than RedChip US.

Accordingly, the Independent Expert has prepared the Independent Expert's Report and a copy is attached as Annexure A to the Explanatory Statement.

The Independent Expert has concluded that the transfer of the Transferred IP Rights is fair and reasonable to the Non-Associated Shareholders of R3D.

Shareholders are encouraged to read the Independent Expert's Report in detail and consult a professional adviser if you have any questions.

3.4 Directors' recommendation

The Directors have outlined the reasons why the transfer of the Transferred IP Rights is in the best interests of the Company and Shareholders in sections 1 and 2 above. These sections contain all material information relevant to Shareholders' decision on how to vote on Resolution 2.

The Directors unanimously recommend that Shareholders (other than RedChip US, which together with its associates is excluded from voting) vote in favour of Resolution 2. All Directors intend to vote all the Shares that they control in favour of Resolution 2.

9 February 2017

The Directors
R3D Global Limited
Level 36 Governor Phillip Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Sirs,

Independent Expert's Report on the proposed share buy-back

1. INTRODUCTION

Background

- 1.1 R3D Global Limited ("R3D" or "the Company") announced on 28 December 2016 that it has signed a Deed of Release and Variation ("Deed") with its major shareholder, RedChip Companies Inc. ("RedChip US") which involves, amongst other things, the buy-back of shares held by RedChip US in R3D (the "Transaction" or "buy-back")
- 1.2 The effect of the Deed is to resolve various disputes regarding the assets ("IP Rights") acquired from RedChip US in early 2016. Under the terms of the Deed, RedChip US will forfeit all of its existing 30,000,000 shares and any potential deferred consideration in the Company which it originally received for the sale of the IP Rights to R3D for a nominal (\$1.00) consideration.
- 1.3 Details regarding the terms of the Deed and components of the Transaction are included at sections 2 and 6.

Purpose of Report

- 1.4 You have requested Hall Chadwick Corporate (NSW) Limited ("HCC") to prepare an Independent Expert's Report to advise the shareholders of R3D, other than those associated with the Transaction ("Non-Associated Shareholders"), whether the Transaction is fair and reasonable when considered in the context of the interests of Non-Associated Shareholders and to set out the reasons for our conclusions.
- 1.5 HCC understands and has agreed that this report will accompany the notice to convene a meeting of R3D shareholders, to assist the Non-Associated Shareholders in their consideration of the Transaction.

HALL CHADWICK
CORPORATE (NSW)
LIMITED

ACN 080 462 488

SYDNEY

Level 40, 2 Park Street
Sydney NSW 2000

Australia

GPO Box 3555 Sydney
NSW 2001

Ph: (612) 9263 2600

Fx: (612) 9263 2800

E:

[hcsyinfo@hallchadwick.](mailto:hcsyinfo@hallchadwick.com.au)

com.au

www.hallchadwick.com.
au

A member of AGN
International Ltd, a
worldwide association of
separate and
independent accounting
and consulting firms

Opinion

- 1.6 In our opinion the proposed Transaction is *fair and reasonable* to the Non-Associated Shareholders of R3D.
- 1.7 The ultimate decision however on whether to accept the proposed Transaction should be based on shareholders own assessment of their circumstances.

Yours faithfully
Hall Chadwick Corporate (NSW) Limited



DREW TOWNSEND

2. THE PROPOSED TRANSACTION

2.1 The terms of the Deed entered into between R3D and RedChip US involves, amongst other things, the following (collectively referred to as the “Transaction”):

- a) The selective buy back of all of the 30,000,000 shares currently held by RedChip US in R3D (“Buy-back Shares”) for nominal (\$1) consideration and forfeiture of any potential deferred consideration in the Company which RedChip US originally received for the sale of the IP Rights to R3D;
- b) The disposal by the Company of certain intellectual property rights and assets to RedChip US (“IP Rights”);

2.2 Further details of the terms and conditions of the Deed are detailed at section 6.

2.3 The Buy-Back Shares represent a 42.17% equity interest in R3D. Cancellation of the Buy-back Shares will result in the percentage holdings of all other Shareholders increasing on a proportionate basis. The Company's largest Shareholders (other than RedChip US) are a group of associated shareholders, being Petra Pacific Pte Ltd and Petra Commodities Pte Ltd (“Petra Companies”). The Petra Companies currently have a combined holding of 25,821,863 shares representing a 36.29% equity interest in R3D. As a result of the cancellation of Buy-back Shares, the combined holding of Petra Companies will increase to approximately 62.75% of the reduced number of Shares on issue.

2.4 A breakdown of the effect on ordinary shares currently on issue after the proposed selective buy back is as follows:

	Number of Shares
Shares currently on issue	71,147,058
Buy-back Shares subject to buy-back and cancellation	(30,000,000)
Shares on issue at completion of buy-back	41,147,058

STRUCTURE OF REPORT

Our report is set out under the following headings:

- 3 PURPOSE OF REPORT
- 4 OPINION
- 5 BASIS OF EVALUATION
- 6 BACKGROUND
- 7 OVERVIEW OF R3D
- 8 VALUATION METHODOLOGIES
- 9 VALUE OF R3D SHARES AND IP RIGHTS

APPENDICES

- I SOURCES OF INFORMATION
- II STATEMENT OF DECLARATION & QUALIFICATIONS
- III FINANCIAL SERVICES GUIDE

3 PURPOSE OF REPORT

- 3.1 This report has been prepared solely for the purpose of assisting the shareholders of R3D to assess if they will approve the resolutions and its specified terms for the Transaction. We do not assume any responsibility or liability for any losses suffered as a result of using this report contrary to the provisions of this paragraph. This report provides an opinion on whether or not the terms and conditions in relation to the Transaction are fair and reasonable to the R3D shareholders whose votes are not to be disregarded in respect of the transaction (that is, the Non-Associated Shareholders). The ultimate decision whether to accept the terms of the Transaction should be based on each shareholders' assessment of their own circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Transaction or matters dealt with in this report, shareholders should seek independent professional advice.
- 3.2 The Transaction constitutes a selective buy-back for the purposes of the Corporations Act, and accordingly, shareholder approval is required to undertake the selective buy-back and cancellation of the Buy-back Shares.
- 3.3 ASX Listing Rule 10.1 provides that a listed company must not acquire or dispose of a substantial asset to (among others) a substantial holder in the entity or an associate of such a person. These particular requirements apply where the vendor of the relevant assets is a person who has a relevant interest in at least 10% of the voting shares on issue in the listed company and where the relevant assets have a value equal to 5% or more of the equity interests of the company.
- 3.4 It is also a condition of the ASX waiver granted from Listing Rule 9.7 to allow the Company to buy-back and cancel the Buy-back Shares, to obtain Shareholder approval under Listing Rule 10.1 for the transfer of certain IP Rights to RedChip US.
- 3.5 The Petra Companies currently have a combined holding of 25,821,863 shares representing a 36.29% equity interest in R3D. As a result of the cancellation of Buy-back Shares, the combined holding of Petra Companies will increase to 62.75% of the reduced number of shares on issue. Section 606(1) of the Corporations Act states that a person must not acquire an interest in issued voting shares in a listed company if that person's or any other person's voting power increases to above 20%, or increases from a starting point that is above 20% and below 90% unless an exception under section 611 of the Corporations Act applies. Under section 611, an acquisition that results from a buy-back conducted in accordance with the Corporations Act is exempt from the prohibition in section 606(1) and accordingly, Petra Companies may increase its voting interest in R3D under the Transaction in compliance with the Corporations Act.
- 3.6 We have considered the requirements of Australian Securities and Investments Commission ("ASIC") Regulatory Guide 110 "Share Buy-Backs" and Regulatory Guide 111 "Content of Experts Reports", which requires that Directors of a company need to provide shareholders with an analysis of the transaction and whether a proposed transaction is fair and reasonable, when considered in the context of the interests of the non-associated shareholders. Regulatory Guide 111 recommends that such an analysis should include an independent expert's report stating whether, in their opinion, the transaction is fair and reasonable and stating the reasons for forming that opinion. This report provides such an opinion.

4. OPINION

4.1 Based on information provided by R3D and contained in this report, in our opinion, the proposed Transaction is fair and reasonable to the Non-Associated Shareholders of R3D, which comprises:

- the selective buy-back;
- the disposal of IP Rights to RedChip US; and
- the increase in the voting interests of Petra Companies.

4.2 Our opinion is based solely on information available as at the date of this report.

4.3 The principal factors that we have considered in forming our opinion are summarised below.

Fair

4.4 In our opinion, the Transaction is fair to the Non-Associated Shareholders on the following basis:

- a) The value of the Buy-back Shares has been considered at section 9 to be \$0.17 per share under the market value of shares approach or \$0.02 per share under the net realisation of assets approach. We note however that the trading in R3D shares has been highly illiquid. The Company's closing share price on 23 December 2016, being the last trading day prior to the announcement of the Transaction, was \$0.17. Assuming the lesser value of \$0.02 per share would value the 30,000,000 buy-back shares at \$600,000.
- b) The value of the IP Rights being disposed of to RedChip US has been considered at section 9 to be nil or nominal in value, given that the Company is not currently earning any income from the IP Rights being transferred to RedChip US, and was not expecting to earn any material income from the IP Rights had the Deed not been entered into;
- c) The cash consideration being paid by R3D for the selective buy-back is a nominal sum of \$1.00. No more cash payments would need to be made to RedChip US;
- d) Any fees that may be earned on the small number of existing disputed contracts with clients are to be split on a 50/50 basis with RedChip. Directors advise that these contracts are substantially all success fee based for companies that are proposing to list on capital markets and fees relating to these contracts are not able to be quantified at this point. Directors do not however believe that the loss of these contacts will have any material impact on the future financial performance of the Company;
- e) Based on the above we are of the opinion that the value of the consideration being paid by R3D for the Transaction (being the \$1.00 cash consideration for the Buy-back Shares, the IP Rights disposed of and future fees from disputed contracts) is less than the value of the Buy-back Shares being cancelled. Effectively the entire original purchase price for the IP Rights is returned to the Company for nominal cash consideration;
- f) There is no cost to the Company or the Non-Associated Shareholders as a result of the increase in the voting interests of Petra Companies. All R3D Shareholders interests will increase on a proportionate basis as a result of the cancellation of the Buy-back Shares.

Reasonable

- 4.5 ASIC Regulatory Guide 111 considers a Transaction to be reasonable if:
- The Transaction is fair; or
 - Despite not being fair, but considering other significant factors, shareholders should obtain an overall benefit if the Transaction proceeds.
- 4.5.1 We have concluded that the Transaction is reasonable. In forming our opinion we have considered the following relevant factors.

Advantages

- a) The buy-back settles the disputes between the Company and RedChip US, and effectively completes the exit of RedChip US and Mr Gentry from the Company. Due to the termination of the Support Services Agreement and the resignation of Mr Gentry, no more cash payments would need to be made to RedChip US or Mr Gentry.
- b) The buy-back confirms that there is no impediment to the Company operating its business by exploiting the IP Rights in the agreed territories as set out in the Deed and detailed at section 6.4 and 7.3;
- c) There will be a lesser number of Shares on issue in R3D, consequently the voting power of each Shareholder will increase;
- d) Based on the information provided by R3D Directors, the Transaction will not result in any material negative impact on the financial performance of the Company or its business activities (other than costs of the Transaction). Following the selective buy-back and disposal of the IP Rights, the Company will:
 - retain the IP Rights that currently exist for use in the territories which it regards as core territories, in particular Australia, South Africa, Israel, Asia (except Korea), China and India;
 - develop its own branding without the RedChip name (consistent with the name change to R3D in December 2016) and accordingly is not restricted in operating in any region as long as it does not use the IP Rights in territories in which it is not permitted to do so;
 - provide investor relations services and creative marketing solutions to clients across all industries looking to grow their businesses or obtain awareness across its core markets including Australia, South Africa, Israel and all of Asia (including China, India, South East Asia and Japan) except Korea; and
 - continue to provide clients with global financial media coverage, direct access to investors as well as market research or coverage opportunities.

Disadvantages

- e) Following the Transaction, R3D Shares may remain highly illiquid. This is primarily a result of the large shareholding held by Petra Companies' which is still subject to restrictions;
- f) Following completion of the Transaction, Petra Companies will hold up to a maximum of 62.75% of the total Shares on issue and will be in a position to exert considerable control over the decisions made by the Company, including in relation to the election of Directors, the appointment of new management and the potential outcome of matters requiring a Shareholder vote. The interests and objectives of the Petra Companies may not be the same as those of other minority Shareholders;
- g) Given the increased shareholding of Petra Companies, Non-associated Shareholders will have a lesser chance of obtaining a premium from the sale of their shares unless there is a subsequent increase in control by Petra Companies or a sell-down to a third party.

4.6 *Based on the above considerations, in our opinion, the Transaction is fair and reasonable to the Non-Associated Shareholders of R3D.*

5 BASIS OF EVALUATION

- 5.1 The purpose of this report is to set out our opinion as to the value of R3D and consequently its ordinary shares, to assist shareholders in their consideration of the resolutions underlying the Transaction and advise shareholders as to whether the Transaction is fair and reasonable.
- 5.2 In our assessment of whether the Transaction is fair and reasonable to R3D Non-Associated Shareholders, we have given due consideration to the Regulatory Guides issued by the ASIC, in particular, Regulatory Guide 110 “Share Buy-Backs”, Regulatory Guide 111 “Content of Experts Reports” and Regulatory Guide 112 “Independence of Experts Reports”. We have also given due consideration to relevant Australian accounting standards, specifically APES 225 “Valuation Services”.
- 5.3 ASIC Regulatory Guide 111 requires, amongst other things, that shareholders are provided with sufficient information to make an effective, informed decision on whether the proposed Transaction is fair and reasonable. The Transaction is “fair” if the consideration received by the Company, being R3D shares for the IP Rights, is equal to or greater than the value of the IP Rights as at the date of the report. Additionally, under Regulatory Guide 111 an offer is “reasonable” if it is fair. It is possible for an offer to be reasonable despite being unfair, if after considering other non-financial factors the shareholders should still accept the offer.
- 5.4 APES 225 and RG 111 requires that the expert consider the most appropriate method(s) of valuation of the company. It requires the expert to compare various valuation techniques, outline the basis of determining the most appropriate techniques and detail any assumptions relied upon in performing the analysis. The valuation methodologies and the specific factors we have considered in arriving at our conclusion on the most appropriate methodology are detailed in Section 8.
- 5.5 We have carried out an assessment of the valuation techniques to determine a value of the assets being transferred to RedChip US and the shares in R3D at Section 9. We have also considered other qualitative factors that may influence shareholders consideration of the proposed buy back.
- 5.6 In our assessment of the buy-back we have considered, in particular the following:
- The operational and financial position of R3D;
 - The value of R3D shares, under various methodologies;
 - The value of the IP Rights being transferred to RedChip US;
 - The qualitative issues shareholders should consider in relation to the Transaction;
 - Share trading history of R3D shares;
 - The likely value and liquidity of R3D shares in the absence of the Transaction.
- 5.7 The documents and information relied on for the purpose of this valuation are set out in Appendix I. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Transaction is fair and reasonable. However, in assignments such as this, time is limited and we do not warrant that our enquiries have identified or verified all of the matters which an

audit or extensive examination might disclose. None of these additional tasks have been undertaken.

- 5.8 We understand the accounting and other financial information that was provided to us has been prepared in accordance with generally accepted accounting.
- 5.9 An important part of the information used in forming an opinion of the kind expressed in this report is the opinions and judgement of management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.
- 5.10 HCC are not the auditors of R3D, RedChip US or Petra Companies. We have analysed and reviewed information provided by the directors and management of R3D and made further inquiries where appropriate.
- 5.11 This report has been prepared after taking into consideration the current economic and market climate. We take no responsibility for events occurring after the date of this report which may impact upon this report or which may impact upon the assumptions referred to in the report.

6 BACKGROUND

- 6.1 On 21 March 2016, the Company completed the acquisition of certain intellectual property rights and licences, contracts, and other assets in specified global territories (“IP Rights”) from RedChip US in exchange for the issue of 30,000,000 new shares in the Company (“Shares”) to RedChip US, with up to an additional 5,000,000 Shares to be issued depending on the satisfaction of performance conditions (“Deferred Consideration Shares”). As a result of the issue of Shares as consideration RedChip US acquired an interest in 42.17% of the Company.
- 6.2 To effect the acquisition of IP Rights, transaction documents were executed including an Intellectual Property Deed and Support Services Agreement under which fees were payable by the Company to RedChip US for services to assist the Company's operations. Under the terms of the Intellectual Property Deed, the IP Rights acquired by the Company allowed it to conduct business using the IP Rights in certain specified global territories, with the remaining territories being retained by RedChip US. Details regarding these IP Rights are included in section 7.3.
- 6.3 Following completion of the acquisition, various disputes arose between the Company and RedChip US.
- 6.4 In May 2016 Mr Gentry resigned as a Director and CEO of the Company and on 29 August 2016 the Company announced that the Support Services Agreement had been terminated on the basis of four breaches by RedChip US.
- 6.5 Subsequently on 28 December 2016, the Company announced that it had signed the Deed with RedChip US. The key terms of the settlement are as follows.
- (a) The terms of the Intellectual Property Deed will be varied to redefine the Territories in which RedChip US and R3D can use the IP Rights. The Company will retain exclusive rights to use the IP Rights in all territories in the world and related intellectual property, other than specific territories which will become the exclusive right of RedChip US. In addition to the Americas (which RedChip US had always retained IP Rights to), RedChip US will retain IP Rights in Africa (excluding South Africa), Europe, certain countries in the Middle East (but not Israel), and Korea. This means that the Company will retain IP Rights in the territories that it regards as its key markets, including Australia, South Africa, Israel and all of Asia (including China, India, South East Asia and Japan) except Korea. R3D is not restricted from operating in the RedChip US territories, it is only restricted from using the IP Rights in those territories.
 - (b) RedChip US will "forfeit" all of its existing 30,000,000 Buy-back Shares and any potential Deferred Consideration Shares in the Company, which it originally received for the sale of the IP Rights to R3D, for nominal (\$1.00) consideration.
 - (c) Fees to be earned on a small number of existing disputed contracts with clients would be split on a 50/50 basis.
- 6.6 The Company regards the Transaction as an excellent outcome for its Non-Associated Shareholders, as the entire original purchase price for the IP Rights is effectively returned to the Company, and at the same time the Company is able to retain the IP Rights that currently

exist for use in the territories which it regards as core territories, in particular Australia, South Africa, Israel, Asia (except Korea), China and India.

- 6.7 The Support Services Agreement (“SSA”) included the payment of a support services fee to RedChip US, comprising a fixed fee of \$800,000 and an ongoing variable component equivalent to 10% of gross revenue received during the term of the Support Services (a period of up to three years). R3D has paid RedChip US / Mr Gentry a total of \$350,000 under the SSA. Due to the termination of the SSA and the resignation of Mr Gentry, no more cash payments would need to be made to RedChip US or Mr Gentry and only a nominal amount of cash consideration is to be made to RedChip US for the cancellation of its shares.

7. OVERVIEW OF R3D

7.1 Corporate History

- 7.1.1 R3D (formerly VGP Corporation then RedChip International Limited) was officially listed on the ASX on 17 December 2004. During the 2013 financial year the Company entered into, and was cleared from a Deed of Company Arrangement and was released from Administration. The Company then commenced seeking investment opportunities.
- 7.1.2 In March 2016 the Company completed the acquisition of the IP Rights from RedChip US in exchange for the issue of 30,000,000 new shares in the Company, with up to an additional 5,000,000 Shares to be issued depending on the satisfaction of performance conditions.
- 7.1.3 To effect the acquisition of the IP Rights, transaction documents were executed including a Support Services Agreement under which fees were payable by the Company to RedChip US for services to assist the Company's operations. The IP Rights acquired by the Company allowed it to conduct business using the IP Rights in certain specified global territories, with the remaining territories being retained by RedChip US.

7.2 RedChip US Overview

- 7.2.1 RedChip US is based in Orlando, Florida and provides investor relations, financial media, and research for microcap and small-cap stocks. RedChip US delivers results for its clients through its extensive global network of institutional and retail stock brokers, Registered Investment Advisors, family offices, investment banks, hedge funds, and accredited investor groups.
- 7.2.2 RedChip US' targeted retail and institutional digital media platform reaches hundreds of thousands of investors worldwide, using online conferences for microcaps and SMID-caps, a weekly digital newsletter and major social media platforms.
- 7.2.3 RedChip US' traditional investor relations platform includes retail and institutional road-shows, press release writing, strategic counsel, management of quarterly conference calls, script writing and presentation development.

7.3 IP Rights and Business Going Forward

- 7.3.1 The IP Rights acquired by the Company in March 2016 included the right to use the technology, intellectual property, know-how, trade secrets, training material, training expertise, all digital collateral, international TV rights to the RedChip Money Report TV Show, and marketing expertise incidental to the RedChip service offering, which means:
- Basic Investor Relations Services: Retail and institutional road-shows in the U.S, Analyst Meetings and calls, telemarketing to capital markets community; quarterly conference calls, script writing, press release editing, writing and distribution, crisis management, power-point writing and editing,
 - Research, CFA written research reports with financial models, client fact sheets, over 300 research reports on 300 companies in 30 industries,
 - Media: RedChip Money Report TV Show, Over 200 CEO TV Interviews, distribution rights on Bloomberg Europe, Bloomberg Asia, Bloomberg Latin America, Bloomberg

Australia, 161 million homes; TV studio with state of the art equipment, staff of video editors. 30-60 second TV spots; global online conferences,

- Digital: RedChip.com, Corporate videos, Product videos, website design, capital markets videos, worldwide digital distribution platform, weekly digital magazine, RedChip Money Report, Social Media Assets,
- Proprietary In-House Investor Lists: 112,000 investor names
- IT and Data Integration Systems
- Any developments to the above or new service lines developed by RedChip and utilised in the Business

7.3.2 Given that R3D's focus has always been and will continue to be on the Asia Pacific region and the other territories it will retain following the Transaction, the termination of the Support Services Agreement, the resignation of Mr Gentry and the variations to the Intellectual Property Deed, will not have any material effect on the continued operations of R3D. Although the original IP Rights obtained from RedChip US detailed above are still valid and available to R3D, they may eventually become dated or lapse. However the value currently being obtained by R3D from these IP Rights is nominal and R3D are continually developing their own intellectual property and service offerings outside of that directly relating to the RedChip business.

7.3.3 R3D is now a listed investor relations firm that provides dynamic, disruptive and digitally integrative marketing solutions connecting clients to investors globally. R3D is able to connect its client's directly with their investors and can track exactly which channels work for them.

7.3.4 Following completion of the Transaction, the Company will:

- retain all IP rights in the territories that it regards as its key markets, including Australia, South Africa, Israel and all of Asia (including China, India, South East Asia and Japan) except Korea, under the terms of the Deed;
- develop its own branding (consistent with its name change to R3D Global Limited) without the RedChip name, and accordingly is not restricted in operating in any region as long as it does not use the IP Rights in territories in which it is not permitted to do so;
- provide investor relations services and creative marketing solutions to clients across all industries looking to grow their businesses or obtain awareness across its core markets including Australia, South Africa, Israel and all of Asia (including China, India, South East Asia and Japan) except Korea; and
- continue to provide clients with global financial media coverage, direct access to investors as well as market research or coverage opportunities.

7.4 Financial Information

- 7.4.1 Prior to the RedChip transaction and capital raising conducted in early 2016, the Company had not operated any business for a number of years and only earned nominal passive income and incurred expenses associated with the administration of the company.
- 7.4.2 For the financial years ended 30 June 2014 and 30 June 2015 R3D incurred net losses before tax of \$64,364 and \$129,614 respectively. The results of the Company for FY2015 and FY2016 (audited) and for the six months to 31 December 2016 (unaudited) are shown in the table below:

CONSOLIDATED STATEMENTS OF FINANCIAL PERFORMANCE			
	HY12017	FY2016	FY2015
Business income	120,672	272,639	-
Other income	17,100	5,786	1,251
Professional fees	(162,969)	(239,847)	(71,009)
ASX listing fees	(15,697)	(27,582)	(27,501)
Employment expenses	(120,344)	(189,089)	-
Support services agreement	(283,333)	(93,931)	-
Amortisation expense	(300,000)	(162,295)	-
Other expenses	(197,354)	(69,625)	(14,283)
Interest on related party loan	-	(26,367)	(18,072)
Loss before income tax	(941,925)	(530,311)	(129,614)

7.4.3 Set out below is the unaudited Consolidated Balance Sheet of R3D as at 31 December 2016.

CONSOLIDATED BALANCE SHEET	
As at 31 December 2016	
<u>CURRENT ASSETS</u>	
Cash and cash equivalents	1,423,004
Trade and other receivables	56,312
Other current assets	9,900
	1,489,216
<u>NON-CURRENT ASSETS</u>	
Plant and equipment	5,021
Investments	23,450
Intangible assets	5,537,705
	5,566,176
TOTAL ASSETS	7,055,392
<u>CURRENT LIABILITIES</u>	
Trade and other payables	107,222
	107,222
TOTAL LIABILITIES	107,222
NET ASSETS	6,948,170
<u>EQUITY</u>	
Issued capital	61,770,160
Accumulated losses	(54,821,990)
TOTAL EQUITY	6,948,170
Net tangible assets (NTA)	1,410,465
NTA per share	0.02

8. VALUATION METHODOLOGIES

8.1 Selection of Methodology

8.1.1 In order to assess the fairness of the Transaction a value needs to be attributed to R3D shares and IP Rights.

8.1.2 We have considered a range of valuation methods. ASIC Regulatory Guide 111 *Content of Expert Reports* states that in valuing an asset the expert should consider the following commonly used valuation methodologies:

- Market Value of Shares: the quoted price for listed securities in a liquid and active market;
- Capitalisation of Future Maintainable Earnings: the value of trading operations based on the capitalisation of future maintainable earnings;
- Discounted Cash Flow: the net present value of future cash flows;
- Realisation of Assets: the amount that would be available for distribution to security holders on an orderly realisation of assets;
- Comparable Market Transactions: the identification of comparable sale transactions.

We consider each of these valuation methodologies below.

8.1.3 *Market Value of Shares as Quoted on the ASX*

This method involves the valuation of an entity based on its actively traded equities, which represent the market capitalisation of the share capital of the entity, in a liquid and knowledgeable market.

Any assessment of the market value of the quoted equities needs to consider the following:

- The liquidity of the quoted equity based on the volume and frequency of trading;
- The number of ‘unusual’ and/or ‘abnormal’ trades that occur; and
- The timing and level of dissemination of information to the market.

If a quoted ordinary equity is traded in an active, liquid and knowledgeable market, then the market price of the quoted ordinary equity should represent the ‘fair’ market value of the quoted ordinary equity.

A premium may also need to be applied to the value of the quoted ordinary equity to determine the value of the equity holding in the circumstances where a party is acquiring or increasing a controlling equity position.

Although the liquidity of the market for R3D shares is less than ideal to justify the use of the market value of the quoted equity as a basis for the valuation, some of the alternative methods are less appropriate, and this method allows a comparison to the other method we have deemed to be appropriate, being the realisation of assets approach.

8.1.4 *Capitalisation of Future Maintainable Earnings*

Under the earnings based valuation method, the value is determined by capitalising the estimated future maintainable earnings of the business at an appropriate capitalisation rate or multiplier of earnings. The multiple is a coefficient, representing the risk that the business may not achieve projected earnings.

This method is appropriate in valuing a business when there is a history of earnings, the business is established and it is assumed the earnings are sufficiently stable to be indicative of ongoing earnings potential.

This method is not considered to be appropriate for the valuation of R3D shares or the IP Rights due to the history of losses and inherent uncertainty of future earnings.

8.1.5 *Discounted Cash Flow – Net Present Value*

Discounted cash flow valuations involve calculating the value on the basis of the net cash flow that will be generated from the business over its life. The cash flows are discounted to reflect the time value of money and the risk involved with achieving the forecast cash flows. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the valuation date to give an overall value of the business.

Although the discounted cash flow approach relies on the availability of long-term earnings and cash flow forecasts, it is particularly suited to situations where cash flows are not stable or where significant cash outflows will be incurred prior to cash inflows being earned. The forecast period should be of such a length to enable the business to achieve a stabilised level of earnings, or to be reflective of an entire operational cycle for more cyclical industries.

Management of R3D are unable to forecast future cash flows with any confidence, a value cannot be placed on the R3D shares or IP Rights using the discounted cash flow method and therefore the use of the discounted cash flow method is not appropriate.

8.1.6 *Realisation of Assets*

The net assets or cost based approach to value is based on the assumption that the value of all assets (tangible and intangible) less the value of all liabilities should equal the value of the entity. The net asset value is determined by marking every asset and liability on and off the company's balance sheet to current market values.

This approach is generally not appropriate where assets are employed productively and are earning more than the cost of capital. It is often used as a cross check to assess the relative riskiness of the business.

Asset based valuations involve a determination of the net realisable value of the assets held in the company if those assets were realised in an orderly fashion and all liabilities were repaid. As R3D is predominantly a revenue based business with most of its value reflected in intangible assets, the book value of the net tangible assets would not be representative of the inherent value of the business. However, given the lack of earnings available to value R3D, we have considered this as a secondary method for valuing R3D shares.

8.1.7 *Comparable Market Transactions*

This methodology involves the identification of comparable sale or equity raising transactions for similar businesses to that being valued.

We have determined that this method is not considered appropriate for valuing R3D shares or IP Rights due to the following:

- i. Lack of historical or current results as a basis for applying a comparable multiple of revenues or earnings;
- ii. Lack of comparable transactions on which to base a valuation.

We are also not aware of any alternative offers or transactions for the acquisition of the R3D shares or IP Rights.

9. VALUE OF R3D SHARES AND IP RIGHTS

9.1 General

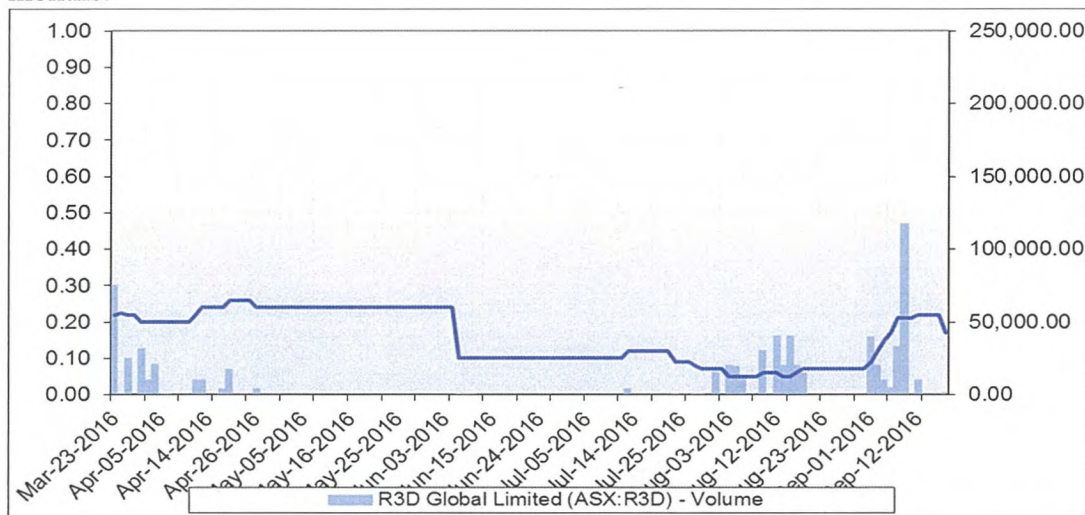
9.1.1 This section sets out our assessment of the underlying value of R3D shares and the IP Rights.

9.1.2 We have selected market value of shares and realisation of net assets as the valuation methodology as detailed in section 8.

9.2 Market Value of R3D Shares

9.2.1 In our opinion the value of R3D for the purpose of the Transaction should be examined on the basis of the current market value of the shares listed on the ASX. The market value of the shares listed on the ASX typically reflects all publicly available information on the company and we believe it is a reliable reflection of the current value of the Company.

9.2.2 Following is a graph of the trading price and volume of R3D shares over the last twelve months:



9.2.3 The table below details the monthly trading in R3D shares

Month	Open	High	Low	Close	Volume	Value	Transactions	VWAP
2017								
January	-	-	-	0.170	-	\$0	-	
2016								
Oct - Dec	-	-	-	0.170	-	\$0	-	
September	0.075	0.220	0.075	0.170	235,891	\$41,120	27	\$0.17
August	0.070	0.070	0.050	0.070	230,794	\$12,855	15	\$0.06
July	0.120	0.120	0.070	0.070	4,937	\$568	5	\$0.12
June	0.100	0.110	0.100	0.100	1,646	\$166	5	\$0.10
May	-	-	-	0.240	-	\$0	-	-
April	0.200	0.260	0.190	0.240	77,290	\$17,437	16	\$0.23
March	0.220	0.250	0.200	0.200	132,199	\$29,731	28	\$0.22
February	-	-	-	0.076	-	\$0	-	-

9.2.4 As shown in the table above, the trading in R3D shares has been highly illiquid. The Company's closing share price on 23 December 2016, being the last trading day prior to the announcement of the Transaction, was **\$0.17**. As at the date of the Transaction announcement there was no trading in R3D shares since September 2016.

9.2.5 We conclude that the value of the R3D shares under the market value approach for the purpose of this report is the last trading price prior to the date of the Announcement, being a volume weighted average price of **\$0.17 per share**.

9.3 Net realisable value of R3D shares

9.3.1 The net tangible assets (NTA) of R3D as at 31 December 2016 totalled \$1,410,465 as detailed at section 7.4.

9.3.2 R3D currently has 71,147,058 shares on issue, which equates to a NTA per share of \$0.02.

9.3.3 We conclude that the value of the R3D shares under the net realisation of assets approach for the purpose of this report is **\$0.02 per share**.

9.4 Value of IP Rights

9.4.1 As part of the Transaction and sale of IP Rights back to RedChip US, RedChip US will retain IP Rights in Africa (excluding South Africa), Europe, certain countries in the Middle East (but not Israel), and Korea, in addition to the Americas (which RedChip US had always retained IP Rights to. R3D will retain IP rights in the territories that it regards as its key markets, including Australia, South Africa, Israel and all of Asia (including China, India, South East Asia and Japan) except Korea, as detailed at section 7.3.

9.4.2 The Transaction will not result in any material negative financial impact on the Company or its business activities (other than costs of the Transaction) based on the following advice from R3D Directors;

- a) No income has been earned to-date from the IP Rights being disposed of (being the territories R3D would no longer be able to use the IP in);
- b) No income has been forecast to be earned from the territories covered by IP Rights retained by RedChip US;
- c) Given that R3D's focus has always been and will continue to be on the Asia Pacific region and the other territories it will retain following the Transaction, the termination of the Support Services Agreement and the resignation of Mr Gentry will not have any material effect on the continued operations of R3D;
- d) No income had been earned or forecast to be earned from the disputed contracts, based on the success based nature of the contracts and current status of these clients.

9.4.3 Based on the above, as no historical or forecast net cash flows are expected to be lost as a result of the changes to the IP Rights and disputed contracts, the level of income being earned by the Company will not be harmed or impacted as a result of the Transaction. We have therefore attributed a value of **nil** to the IP Rights being disposed of and the disputed contracts connected to the Transaction.

APPENDIX I - SOURCES OF INFORMATION

- R3D Global Limited Audited Financial Report for the years ended 30 June 2015 and 30 June 2016;
- R3D Global Limited Unaudited management accounts for the six months to 31 December 2016;
- Advice from R3D Directors regarding the financial impact of the Transaction;
- R3D Global Limited Notice of General Meeting;
- R3D Global Limited Explanatory Memorandum;
- Publicly available information on R3D, including media releases, ASX announcements and websites;
- Regulatory Guide 110 ‘Share Buy-Backs’;
- Regulatory Guide 111 ‘Content of Expert Reports’;
- Regulatory Guide 112 ‘Independence of Expert’s Reports’;
- APES 225 ‘Valuation Services’.

APPENDIX II - STATEMENT OF DECLARATION & QUALIFICATIONS

Confirmation of Independence

Prior to accepting this engagement HCC determined its independence with respect to R3D with reference to ASIC Regulatory Guide 112 (RG 112) titled “Independence of Expert’s Reports”. HCC considers that it meets the requirements of RG 112 and that it is independent of R3D.

Also, in accordance with s648 (2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with R3D, its related parties or associates that would compromise our impartiality.

Mr Drew Townsend, director of Hall Chadwick Corporate (NSW) Limited, who is a registered company auditor, has prepared this report. Neither he nor any related entities of Hall Chadwick Corporate (NSW) Limited have any interest in the promotion of this Transaction nor will Hall Chadwick Corporate (NSW) Limited receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this report. Our fee is not contingent upon the success or failure of the proposed transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, HCC does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.

HCC provided a draft copy of this report to the Directors and management of R3D for their comment as to factual accuracy, as opposed to opinions, which are the responsibility of HCC alone. Changes made to this report, as a result of the review by the Directors and management of R3D have not changed the methodology or conclusions reached by HCC.

Reliance on Information

The statements and opinions given in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this report HCC has relied upon information provided on the basis it was reliable and accurate. HCC has no reason to believe that any information supplied to it was false or that any material information (that a reasonable person would expect to be disclosed) has been withheld from it. HCC evaluated the information provided to it by R3D as well as other parties, through enquiry, analysis and review, and nothing has come to its attention to indicate the information provided was materially mis-stated or would not afford reasonable grounds upon which to base its report.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards (AUS). HCC does not imply and it should not be construed that it has audited or in anyway verified any of the information provided to it, or that its enquiries could have verified any matter which a more extensive examination might disclose.

The sources of information that we relied upon are outlined in Appendix I of this report.

R3D has provided an indemnity to HCC for any claims arising out of any mis-statement or omission in any material or information provided by R3D to HCC in preparation of this report.

Qualifications

Hall Chadwick Corporate (NSW) Limited (“HCC”) carries on business at Level 40, 2 Park Street, Sydney NSW 2000. HCC holds Australian Financial Services Licence No. 227902 authorising it to provide financial product advice on securities to retail clients. HCC’s representatives are therefore qualified to provide this report.

Consent and Disclaimers

The preparation of this report has been undertaken at the request of the Directors of R3D. It also has regard to relevant ASIC Regulatory Guides. It is not intended that the report should be used for any other purpose than to accompany the Notice of General Meeting to be sent to R3D shareholders regarding the proposed Transaction of shares. In particular, it is not intended that this report should be used for any purpose other than as an expression of HCC’s opinion as to the value of R3D shares.

HCC consent to the issue of this report in the form and context in which it is included in the Notice of General Meeting to be sent to R3D shareholders.

Shareholders should read all documents issued by R3D that consider the proposed Transaction in its entirety, prior to proceeding with a decision. HCC had no involvement in the preparation of any documents, with the exception of this report.

This report has been prepared specifically for the Non-Associated Shareholders of R3D. Neither HCC, nor any member or employee thereof undertakes responsibility to any person, other than a Non-Associated shareholder of R3D, in respect of this report, including any errors or omissions howsoever caused. This report is "General Advice" and does not take into account any person's particular investment objectives, financial situation and particular needs. Before making an investment decision based on this advice, you should consider, with or without the assistance of a securities advisor, whether it is appropriate to your particular investment needs, objectives and financial circumstances.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards (AUS).

Our opinions are based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time. Furthermore, financial markets have been particularly volatile in recent times. Accordingly, if circumstances change significantly, subsequent to the issue of the report, our conclusions and opinions may differ from those stated herein. There is no requirement for HCC to update this report for information that may become available subsequent to this date.

APPENDIX III - FINANCIAL SERVICES GUIDE

Dated 9 February 2017

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Hall Chadwick Corporate (NSW) Limited ABN 28 080 462 488, Australian Financial Services Licence Number 227902 (HCC).

This FSG includes information about:

- HCC and how they can be contacted
- the services HCC is authorised to provide
- how HCC are paid
- any relevant associations or relationships of HCC
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that HCC has in place.

This FSG forms part of an Independent Expert's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that HCC is authorised to provide

HCC holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio serves, to retail clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of finance products.

HCC's responsibility to you

HCC has been engaged by the independent directors of R3D Global Limited ("R3D" or the "Client") to provide general financial product advice in the form of a Report to be included in the Notice of Meeting (Document) prepared by R3D in relation to the proposed Transaction.

You have not engaged HCC directly but have received a copy of the Report because you have been provided with a copy of the Document. HCC nor the employees of HCC are acting for any person other than the Client.

HCC is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As HCC has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees HCC may receive

HCC charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client, Fees are agreed on either a fixed fee or a time cast basis. In this instance, the Client has agreed to pay HCC \$20,000 (excluding GST and out of pocket expenses) for preparing the Report. HCC and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

HCC officers and representatives receive remuneration from Hall Chadwick Partnership and associated entities. Remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

HCC does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

From time to time HCC and related entities (HC entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

HC entities have provided, and continue to provide, advisory services to the Client for which professional fees are received. Over the past two years HCC has earned professional fees totalling \$35,000 from the Client relating to an Independent Experts Report and Investigating Accountants Report prepared for the Client in November - December 2015.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Transaction.

Complaints resolution

If you have a complaint, please let HCC know. Formal complaints should be sent in writing to:
The Complaints Officer
Hall Chadwick Corporate (NSW) Limited
GPO Box 3555
Sydney NSW 2001

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9263 2600 and they will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing,

External complaints resolution process

If HCC cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Financial Ombudsman Service Limited
GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 06
Facsimile (03) 9613 6399
Email: info@fos.org.au

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

HCC has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact HCC at:
Hall Chadwick Corporate (NSW) Limited
GPO Box 3555
Sydney NSW 2001
Telephone: 02 9263 2600
Facsimile: 02 9263 2800

GENERAL MEETING OF SHAREHOLDERS PROXY FORM

Please complete, sign and return this document to:

To: The Company Secretary
 R3D Global Limited
 C/- MMR Corporate Services
 Level 2, Hudson House
 131 Macquarie Street
 SYDNEY NSW 2000

Email executed form to: henny@r3d.com.au
 fax executed form to: +61 2 9251 7500
 By 3.00 pm (Sydney Time) on Monday 13 March 2017

I / We being a member of R3D Global Limited (the **Company**) appoint the following as my proxy:

Name of proxy:

Address of proxy:

Or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my / our proxy to act generally at the Meeting on my / our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of the Company on Wednesday, 15 March 2017 and at any adjournment of or postponement of that Meeting.

The Chairman intends to vote all undirected proxies that he receives in favour of each resolution to be brought before the meeting, except where the Chairman is expressly forbidden to do so under the Corporations Act 2001.

Please mark to indicate your directions

PLEASE NOTE: If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or poll and your votes will not be counted in computing the required majority.

RESOLUTIONS

	FOR	AGAINST	ABSTAIN
Resolution 1 – Special Resolution to approve selective share buy-back from RedChip Companies Inc	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Ordinary Resolution to approve transfer of assets to substantial holder under Listing Rule 10.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the meeting intends to vote all available proxies in favour of each item of business.

SIGNATURE OF MEMBER(S)

Individual or Member 1	Member 2	Member 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director/Company Secretary	Director	Director/Company Secretary

Date: _____

Contact Name: _____ Contact Phone (daytime): _____

Notes on Proxies

- Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box, your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.
- A member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead pursuant to the Constitution.
- If a member appoints one proxy only, that proxy shall be entitled to vote on a show of hands, but if a member appoints two proxies neither shall be entitled to vote on a show of hands.
- Where more than one proxy is appointed, each proxy must be appointed to represent a specific portion of the member's voting rights. Otherwise each proxy may exercise half of your votes.
- A proxy need not be a security holder of the Company.
- Signing instructions:
 Individual: Where the holding is in one name, the security holder must sign.
 Joint Holding: Where the holding is in more than one name, all of the security holders should sign.
 Power of Attorney: If you have not already lodged the Power of Attorney with the registry or the Company, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to Section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.
 For your vote to be effective, the completed proxy form must be received by 3.00 pm (Sydney Time) on 13 March 2017.

Please advise of any change of address by noting your new address below, *thank you*

My **email** address is:

My **new address** is: